



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

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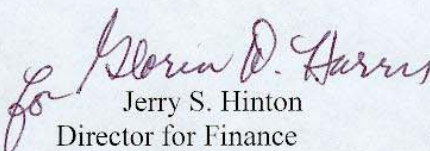
DFAS-DFM

MEMORANDUM FOR MILITARY PAY OPERATIONS, DEFENSE FINANCE AND
ACCOUNTING SERVICE (DFAS-PM/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation
(DoDFMR), 7A, Regarding Installment Payment authority for 15-year Career
Status Bonus (CSB)(DFAS Item L-32)

The attached Interim Change 47-02 to Chapter 66 of the DoDFMR, Volume 7A. This change incorporates Public Law 107-107, Section 620, December 28, 2001, which authorizes the CSB bonus to be paid in installments.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7A.


Jerry S. Hinton
Director for Finance

Attachments:
As stated

cc: DASD (MMP)(Comp)
OUSD(c)(ODCFO)(FP)
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-PMJE/DE
DFAS-DDM/CL
DFAS-PMA/CL

Career Status Bonus (REDUX)**1. Revise paragraph 660201 (see Interim Change Number 44-01) to read:**

660201. Lump Sum Payment. The \$30,000 Career Status Bonus shall be paid to an eligible military service member who made a valid CSB/REDUX election. A member whose CSB/REDUX effective election date and the date of payment fall on or before December 27, 2001, must receive the bonus in a lump sum payment.

2. Renumber paragraph 660202 as 660204 and add new paragraphs 660202 and 660203 to read:

660202. Payment by Installments. Under Public Law 107-107, December 28, 2001, effective December 28, 2001, eligible members may elect to receive the CSB under one of the following options:

- A. One payment of \$30,000,
- B. Two annual installments of \$15,000 each,
- C. Three annual installments of \$10,000 each,
- D. Four annual installments of \$7,500 each, or
- E. Five annual installments of \$6,000 each.

660203. Types of Payment.

A. Initial Payment. The initial CSB payment must be paid not earlier than the date the member attained 15 years of active service and not later than the end of the first month that begins on or after the date that is 60 days after the date the election is effective.

Example: A member who will attain 15 years of active duty service on October 10, 2002, should be sent the CSB/REDUX notification no later than April 10, 2002. The member may complete the necessary forms and return them as directed by the Service concerned, but the election is not effective until October 10, 2002. The Secretary concerned will pay the member the initial payment no earlier than October 10, 2002, and no later than January 31, 2003. The latter date is determined as follows: the date that is 60 days after the effective date of the election is December 9, 2002 so the first month that begins on or after that date is January 2003 – the member must be paid no later than the end of January 2003.

B. Second and Subsequent Payments. Subsequent annual installments shall be paid on or about January 15th of each year following the calendar year of the initial payment. All CSB payments qualify for deposit to the Uniformed Services Thrift Savings Plan (TSP). For more information regarding TSP, see chapter 51 of this volume.

3. Paragraph 660301, add the following to read:

See Examples 1 and 2 below. Use the same formula above in computing installment repayment amount except use the completed (vice uncompleted) time served to determine the bonus amount earned. Deduct that figure from the installment totals to determine the overpayment (See Example 3 below).

4. Paragraph 660301, add example 3 as follows:

Example 3. A member's CSB/REDUX election is effective after attaining 15 of active service on October 10, 2002 and the member received the first installment of \$15,000. The member is obligated to serve through October 9, 2007 (5 full years). The member's last day on active duty is December 31, 2003, after completing only 1 year, 2 months and 20 days of required service. The member's repayment is computed as follows:

The period of agreed additional service is: 5 full years.

The service completed is:

1 year, 2 months, and 20 days, or $1 + .16666667 + .05555556 = 1.22222223$ years

The amount earned is:

$(1.22222223/5) \times \$30,000 = .24444444 \times \$30,000 = \$7,333.33$

The required repayment is:

$\$15,000.00 \text{ less } \$7,333.33 = \$7,666.67.$

4. Add to the Bibliography:**Paragraph****Citation**

6602

Public Law 107-107, section 620
December 28, 2001
ASD (FMP)(MPP) memo, June 24, 2002